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Ex Parte Notice

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

**Re: Schools and Libraries Universal Service Support Mechanism, CC
Docket 02-6**

Dear Ms. Dortch:

On June 7, 2013, I met with Commissioner Jessica Rosenworcel and her Legal Advisor, Priscilla Argeris, to review a solution for the structural deficiencies facing the E-rate program. We discussed the following areas:

- E-rate constituents have suffered for too long with the significant structural deficiencies of this program and with reactive regulation on top of regulation.
- Virtually every E-rate issue is addressed by considering “what’s the impact on the funding cap?” rather than by evaluating how best to obtain important program objectives.
- Constituents act based on the incentives they are provided. The current inequitable distribution of funds is due to an improper regulatory incentive structure that has no limits on the funds available to those at the front of the line.
- A per-location funding limit may not be easy to develop, but will be worth it. Current constituencies for unlimited free money and for burdensome regulatory complexities must be balanced against the overall public interest. Inaction or changes only around the edges perpetuates a program that is “government at its worst.”
- The Commission has lost focus, concentrating on the “trees” of specific communication technologies that should be the purview of individual applicants, rather than the “forest” of broad and important regulatory objectives. This stifles innovation and fails to allow the best technology solutions for individual circumstances.



- With an improved regulatory structure, the Commission can reinstitute important core concepts that were wisely a significant part of the original 1997 Order:
 - Technological neutrality—allowing comparable technologies to be treated in comparable ways
 - Applicant choice—“This program provides schools and libraries with the maximum flexibility to purchase the package of services they believe will meet their communications needs most effectively.” (emphasis added)
- With a simplified program, “true” waste, fraud, and abuse can be targeted, while problems that the Commission itself has created through overly burdensome requirements would be significantly reduced.
- An “E-rate Fast Track” can be a transition strategy for converting from the current structure.
 - In exchange for per-location funding limits, applicants would be provided increased flexibility, faster funding decisions, and less bureaucracy.
 - It can operate side-by-side with the current system to ease transition
- The original, incorrect assumption that \$2.25 billion would be sufficient for the communication technologies for schools and libraries (and therefore that no per-location funding limit was required) has created a system that lacks simplicity, clarity, efficiency, sunshine, and program integrity.
- A properly-constituted constituent task force could provide the Commission with valuable analysis that would otherwise not be available with only a Notice and Comment proceeding.

During the meeting I emphasized that the views expressed were my own based on experience working at the FCC, at USAC, in the private sector, and as an E-rate consultant. Attached is a presentation that was used to facilitate our discussion.

Sincerely,



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Attachment: “Transition Strategy for E-rate”

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